

Financial Statements of

CAPITOL THEATRE RESTORATION SOCIETY

April 30, 2018

CAPITOL THEATRE RESTORATION SOCIETY
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April 30, 2018

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October 4, 2018

Nelson, B.C.

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members
Capitol Theatre Restoration Society

We have reviewed the accompanying financial statements of Capitol Theatre Restoration Society that comprise the statement of financial position as at April 30, 2018 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Capitol Theatre Restoration Society as at April 30, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Professional Accountants

October 4, 2018

Nelson, B.C.

CAPITOL THEATRE RESTORATION SOCIETY**STATEMENT OF FINANCIAL POSITION****As At April 30, 2018****(Unaudited)**

ASSETS	2018	2017
CURRENT ASSETS		
Cash	\$ 235,722	\$ 151,650
Accounts receivable	-	1,779
Inventory	794	1,077
Prepaid expenditures	47,547	16,307
	284,063	170,813
INVESTMENTS	1,925	1,998
CAPITAL ASSETS (note 3)	577,888	536,063
	\$ 863,876	\$ 708,874
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 11,694	\$ 23,901
Government remittances payable	5,510	5,892
Deferred contributions (note 4)	168,943	99,314
Trust liabilities (note 5)	46,319	25,038
	232,466	154,145
DEFERRED CAPITAL CONTRIBUTIONS (note 6)	571,095	527,112
	803,561	681,257
NET ASSETS		
Invested in capital assets (note 7)	6,793	8,951
Unrestricted net assets	53,522	18,666
	60,315	27,617
	\$ 863,876	\$ 708,874

Approved by the Directors:



CAPITOL THEATRE RESTORATION SOCIETY

STATEMENT OF OPERATIONS

For the Year Ended April 30, 2018

(Unaudited)

	2018 Budget	2018 Actual	2017 Actual
REVENUE			
Grants, City of Nelson (note 9)	\$ 67,500	\$ 67,500	\$ 67,500
Community Gaming Grant - Province of B.C.	20,000	17,500	17,480
Grants - Other Federal, Provincial and RDCK	33,190	72,998	63,019
Grants, Foundations and other	8,000	8,250	11,500
Donations and sponsorships	17,000	24,099	17,315
Performances	160,025	183,799	159,140
Concession	36,900	33,379	33,077
Rentals	65,000	61,316	57,905
Membership dues	400	370	300
Interest	300	587	1,340
Fundraising and miscellaneous	9,700	21,002	8,550
Amortization of deferred capital contributions (note 6)	21,000	34,219	31,272
	439,015	525,019	468,398
EXPENDITURES			
Administrative salaries	88,340	92,650	87,010
Advertising	12,000	19,951	12,400
Amortization	21,000	35,466	33,747
Bank charges and interest	12,170	15,542	12,906
Building maintenance	21,480	28,856	42,440
Concession supplies	17,500	13,546	13,726
Employee benefits	19,550	11,951	17,194
Insurance	9,000	3,637	7,243
Licences and dues	1,350	3,575	1,007
Meetings and travel	3,500	5,180	4,156
Miscellaneous	100	302	158
Office	10,700	9,362	7,726
Performance fees and production costs	150,940	173,339	158,629
Professional fees	7,000	7,608	6,990
Technical salaries	41,860	44,173	41,571
Telephone	2,000	1,861	1,804
Utilities	15,500	16,418	15,922
Website maintenance	3,000	8,904	3,446
	436,990	492,321	468,075
EXCESS OF REVENUE OVER EXPENDITURES	\$ 2,025	\$ 32,698	\$ 323

CAPITOL THEATRE RESTORATION SOCIETY

STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended April 30, 2018

(Unaudited)

	Invested in Capital Assets (note 7)	Unrestricted	Total 2018	Total 2017
NET ASSETS, BEGINNING OF YEAR	\$ 8,951	\$ 18,666	\$ 27,617	\$ 27,294
Excess (deficiency) of revenue over expenditures	(2,158)	34,856	32,698	323
NET ASSETS, END OF YEAR	\$ 6,793	\$ 53,522	\$ 60,315	\$ 27,617

CAPITOL THEATRE RESTORATION SOCIETY**STATEMENT OF CASH FLOWS**

For the Year Ended April 30, 2018

(Unaudited)

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 32,698	\$ 323
Items not affecting cash flow		
- amortization	35,466	33,747
- amortization of deferred capital contributions	(34,219)	(31,272)
- donation of securities	-	-
- write down in book value of marketable securities	73	88
	<u>34,018</u>	<u>2,886</u>
Changes in non-cash working capital (note 10)	<u>49,144</u>	<u>87,027</u>
Cash Provided By Operating Activities	<u>83,162</u>	<u>89,913</u>
FINANCING ACTIVITIES		
Capital grant contributions	<u>78,201</u>	<u>30,575</u>
INVESTING ACTIVITIES		
Purchase of capital assets	<u>(77,291)</u>	<u>(49,605)</u>
INCREASE IN CASH	84,072	70,883
CASH, BEGINNING OF YEAR	151,650	80,767
CASH, END OF YEAR	\$ 235,722	\$ 151,650

CAPITOL THEATRE RESTORATION SOCIETY

NOTES TO FINANCIAL STATEMENTS

As At April 30, 2018
(Unaudited)

1. CAPITOL THEATRE RESTORATION SOCIETY

The Society was incorporated under the Society Act of British Columbia on October 29, 1982 with the purpose of restoring the Capitol Theatre building and providing a centre for the performing arts. The Capitol Theatre was officially reopened on April 17, 1988 and has been operated by the Society since that time. The Society is a registered charity under the Income Tax Act and accordingly, is exempt from income taxes provided certain requirements of the income tax act are met.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The following is a summary of the significant accounting policies of the Society.

Capital Assets

Capital assets are recorded at cost. Contributed capital assets are recorded at the fair value at the date of contribution. Amortization is calculated on a straight-line basis over the useful life of the assets as follows:

Leasehold improvements	2%
Equipment	10%
Furniture and fixtures	10%

Donated Materials, Labour and Services

Donated materials, labour, and services are not recorded in the accounts of the Society.

Revenue Recognition

The Society follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into income at a rate corresponding with the amortization rate for the related capital assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably ensured.

Financial Instruments

The Society's financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods is at amortized cost. The Society's financial instruments include cash, accounts receivable, accounts payable and trust liabilities.

CAPITOL THEATRE RESTORATION SOCIETY**NOTES TO FINANCIAL STATEMENTS (Continued)****As At April 30, 2018****(Unaudited)****2. SIGNIFICANT ACCOUNTING POLICIES (continued)****Impairment of Long-lived Assets**

The Society assesses long-lived assets for impairment when events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized on a long-lived asset when its carrying value exceeds the total undiscounted cash flows expected from its use and eventual disposal. The amount of the impairment loss is equal to the excess of the asset's carrying value over its fair value. No impairment loss was recognized by the Society in the current year.

Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts and disclosures reported in financial statements and accompanying notes. Management believes that the estimates utilized in preparing these financial statements are reasonable and prudent, however, actual results could differ from these estimates.

The Society's most significant estimates include the useful lives of assets for amortization and recognition of deferred capital contributions.

3. CAPITAL ASSETS

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Leasehold improvements	\$ 1,081,777	\$ 581,434	\$ 1,023,363	\$ 559,798
Equipment	204,641	158,828	199,684	151,153
Furniture and fixtures	99,811	68,079	85,891	61,924
	<u>1,386,229</u>	<u>808,341</u>	<u>1,308,938</u>	<u>772,875</u>
Cost less accumulated amortization	<u>\$ 577,888</u>		<u>\$ 536,063</u>	

4. DEFERRED CONTRIBUTIONS

Deferred contributions represent specific grants, donations and deposits for specific purposes as follows:

	2018	2017
Donations for equipment and other capital purposes	\$ 166,443	\$ 66,546
Operating grant for subsequent year	2,500	31,090
Rental deposits	-	1,678
	<u>\$ 168,943</u>	<u>\$ 99,314</u>

CAPITOL THEATRE RESTORATION SOCIETY**NOTES TO FINANCIAL STATEMENTS (Continued)****As At April 30, 2018****(Unaudited)**

5. TRUST LIABILITIES

The Society prints and sells tickets for performances held by groups renting the facility. Trust liabilities represent the portion of funds from these ticket sales that are due to the renters once the performance is held and all costs are settled.

6. DEFERRED CAPITAL CONTRIBUTIONS

	2018	2017
Balance, beginning of year	\$ 527,112	\$ 527,809
Additions	78,202	30,575
Less: amounts amortized to revenue	<u>(34,219)</u>	<u>(31,272)</u>
Balance, end of year	<u>\$ 571,095</u>	<u>\$ 527,112</u>

Deferred capital contributions are amortized on a straight-line basis over the useful life of the assets that they funded.

7. INVESTMENT IN CAPITAL ASSETS

	2018	2017
Investment in capital assets is calculated as follows:		
Capital assets	\$ 577,888	\$ 536,063
Less: amounts financed by deferred capital contributions	<u>(571,095)</u>	<u>(527,112)</u>
	<u>\$ 6,793</u>	<u>\$ 8,951</u>

CAPITOL THEATRE RESTORATION SOCIETY

NOTES TO FINANCIAL STATEMENTS (Continued)

As At April 30, 2018

(Unaudited)

8. FINANCIAL INSTRUMENTS

The Society has some exposure to risks through its financial instruments. The following analysis presents the Society's exposures to significant risk at the reporting date, April 30, 2018.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The Society does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

Liquidity Risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to liquidity risk arising primarily from its accounts payable. The Society's ability to meet obligations depends on the receipt of funds from its operations and grants.

9. ECONOMIC DEPENDENCE

During the year, the Society received operating grants from the City of Nelson. These grants amounted to 12.9% of operating revenue (2017 - 14.5%). In addition, the Society leases the Capitol Theatre from the City of Nelson at a nominal rental of \$1 per year. The lease is renewable annually.

10. CHANGES IN NON-CASH WORKING CAPITAL

	2018	2017
Accounts receivable	\$ 1,779	\$ (1,106)
Prepaid expenditures	(31,240)	3,046
Inventory	283	(186)
Accounts payable	(12,206)	14,110
Government remittances payable	(382)	1,968
Trust liabilities	21,281	4,511
Deferred contributions	69,629	64,684
	<u>\$ 49,144</u>	<u>\$ 87,027</u>

11. OVERDRAFT LIMIT

The Society has a line of credit limit of \$20,000 with the Nelson & District Credit Union.

